

Service Date: December 20, 1995

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application)
of the MONTANA POWER COMPANY to)UTILITY DIVISION
Extend Authority to Incur Up to)
\$150,000,000 Principal Amount of)DOCKET NO. D95.12.181
Long-Term Debt in the Form of)DEFAULT ORDER NO. 5885
Medium-Term Notes.)

1. On December 5, 1995, The Montana Power Company (Applicant or MPC), a corporation organized and existing under the laws of the state of Montana, filed with the Montana Public Service Commission (Commission) its application pursuant to Montana Code Annotated §§ 69-3-501 through 69-3-507 (1995), seeking an order to extend, for a period of three (3) years, previously granted authority under Default Order No. 5669 to incur not more than \$150,000,000 principal amount of long-term debt through the issuance and sale of certain Medium-Term Notes (MTNs).

2. The application is supported by exhibits and data in accordance with Commission practice and rules and regulations governing the issuance and sale of securities by public utilities operating within the state of Montana.

3. The application states that the Applicant is a public utility as defined in MCA §69-3-101, in that it furnishes electric and natural gas service in the state of Montana; that the Applicant's principal executive office is at 40 East Broadway, Butte, Montana; and that the Applicant is duly qualified to do business in the states of Montana, Wyoming and Idaho. For detailed information with respect to the general

character of the Applicant's business and the territory served by it, reference is made to the application.

FINDINGS

1. The Applicant is a corporation organized and existing under and by virtue of the laws of the state of Montana and is qualified to transact business in the state of Montana.

2. The Applicant is a public utility as defined in MCA § 69-3-101 and is engaged in furnishing electric and natural gas service in the state of Montana.

3. The Commission has jurisdiction over the subject matter of the application under MCA §69-3-501.

4. The application states that the Applicant intends to incur up to \$22,000,000 of long-term debt in the form of MTNs through the period ending December 31, 1998. This debt represents the unsold portion of \$150,000,000 of long-term debt authorized by Default Order No. 5669.

5. The application states that the proceeds from the sale of the MTNs will be used by the Applicant to refinance previously issued MTNs, to fund the Applicant's construction program, to retire short-term debt, to refinance long-term debt, and for other corporate purposes allowed under MCA ' 69-3-501.

6. The Applicant has undertaken to inform the Commission, after each MTN sale, as to the principal amount sold, the maturities, the interest rates, the redemption provisions and any other information with respect to the MTNs that the Commission may request.

7. Public notice of this application was given by its inclusion on the Commission's agenda for December 11, 1995.

8. The Applicant has furnished complete financial data with its application in accordance with developed practice of the Commission. The application sets forth a copy of the corporate resolutions pertaining hereto.

CONCLUSION OF LAW

The securities transactions proposed by the application, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; are necessary or appropriate for and consistent with the proper performance by the Applicant of service as a public utility; and the aggregate amount of the securities outstanding, and proposed to be outstanding, will not exceed the fair value of the properties and business of the Applicant.

ORDER

1. The application of The Montana Power Company for an extension to January 1, 1999, of its previously granted authority under Default Order No. 5669 to issue and sell, in one or more public offerings, fixed-rate debt in the form of MTNs in the aggregate principal amount of not more than \$150,000,000, is approved.

2. In accordance with MCA § 69-3-507, neither the issuance of securities by the Applicant pursuant to this Order nor any act or deed done and performed in connection herewith, shall be construed to obligate the state of Montana to pay or guarantee, in any manner whatsoever, any security authorized, issued, assumed, or guaranteed under the provisions of MCA §§69-3-501 through 69-3-507.

3. Issuance of this Order does not mean acceptance of the Applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 18th day of December 1995, by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY McCAFFREE, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.